

domestic fuel such as coal and wood. Concentration on imports of capital equipment has meant a very serious shortage of consumer goods on the home market. No doubt, in the end, the Five Year Plan may be able to cover most of these shortages if it is successfully executed, but in the meantime, these shortages exist and cause great hardship and inflation.

- b. Bureaucracy: In the course of the last five years, the Yugoslav Communist Party has created a State administration so bureaucratic in character that the whole level of production and trade has been most seriously affected. Checks, counter-checks, and counter-counter-checks, controls without number, investigating commissions, advisory commissions, planning commissions, all having inflated staffs, huge overheads, and directors incapable or afraid of making any decisions have succeeded in reducing Yugoslavia's economy to a state verging on chaos. To what lengths bureaucracy has gone may be illustrated by its planning. Every factory and economic enterprise is required to work out a production plan and an estimate of its requirements including raw materials and credits for the forthcoming year. These plans and estimates are forwarded for collation to the Republican Planning Commissions via the various Narodne Odbore (People's Committees) or Glavna Direkcija (Industrial Directorates) of industry, et cetera. The Republican Planning Commissions send their overall plans and estimates to the Federal Planning Commission. On the basis of data obtained, the Federal Planning Commission works out the forthcoming year's overall Federal plan and production targets for the various Republics. The Republics recheck and amend their own overall plans and forward production plans worked out in detail by industries to the various Industrial Directorates, People's Committees, et cetera. The latter work out the detailed operative production plan for each factory, collective farm, et cetera. Should a factory, for example, reach its target figure and discover that its raw materials estimates were not enough to cover any further production, work stops. Should an office discover that it needed three envelopes more than estimated, it does not get the envelopes until the following year.
 - c. Cominform Economic Blockade: However, the third main factor responsible for economic discontent is the Cominform economic blockade. There is no doubt that this blockade has seriously disorganized Yugoslav industry and deprived it of some very valuable sources of vital raw materials and capital equipment. One result of this blockade which is responsible for a great deal of public discontent is the shortage of consumer goods caused by the non-delivery of capital equipment for producing them; that is, machine tools for the manufacture of motor parts, button and needle production plant, textile spinning, and weaving equipment, et cetera.
3. The Yugoslav Communist Party is endeavoring, by the following measures, to combat political discontent in the country:
- a. The issuance of secret instructions to all Party secretaries to the effect that the Party must be purged of all opportunistic elements, must establish closer contact with the masses, and throw off its bureaucratic tendencies in favor of a more dynamic approach to the economic problems of the country. The Party is reminded that its functions are to guide the people, not rule them.
 - b. The promulgation of the new law on the constitution and functions of the Narodne Odbore, or People's Committees. The ideological principle underlying the law is democratic centralism. Edvard Kardelj, in the course of his speech to the Yugoslav National Assembly in May, 1949, during the debate on this law, defined democratic centralism as being "...based on the election and substitution of all the organs of popular power and of almost all the directive functions of the State in administration, and covers not only the responsibility of these organs towards those who elected them, namely those they represent, but also their subordination to the higher organs of State power which are also elected by the people, which express the autonomy of the people, and

under whose control they fall." With bureaucracy and the Narodna Fronta at the back of his mind, he went on to say: "In this manner the 'union of power' as well as the will of the people are reinforced in the struggle for the creation of the socialist state. At the same time, democratic centralism assures autonomy; control from below and above; general initiative and a single coordinated policy of State. The tendency of bureaucrats is to depart from this principle and to transform democratic centralism into bureaucratic centralism, the latter being the gravest peril to the correct development of socialist society."

4. The enthusiasm of Kardelj and other members of the Central Committee of the Yugoslav Communist Party regarding democratic centralism is certainly not shared by the non-Party intellectual members of the Narodna Fronta. They know that as long as the candidate lists for election to the Narodne Odbore remain under control of the Party, the emphasis in democratic centralism will be placed on centralism, or, in other words, the dictatorship of the Party.
5. In spite of the spurious democratic trimmings of this law, it does make an attempt to decentralize administration by throwing the main administrative burdens on the newly created Oblasni Odbori, or Regional Committee. In this way, the higher organs of State power regain their original directive role, and a blow has been struck, at any rate theoretically, against the inflated bureaucracy which has cursed Yugoslav political and economic life ever since the war. It is yet too early to judge whether the law has reduced bureaucracy or not. There has certainly been an exodus of civil servants from Belgrade. The Republican capitalists, many of whom are supposed to have been directed to productive employment, have found their way back to desks in the various Narodne Odbore. What has happened is that bureaucracy has been transferred from Federal and Republican level to Narodne Odbore, or local government level. There it continues to thrive and plague the higher State directive organs with trivial administrative problems.
6. According to a senior member of the Central Committee of the Communist Party of Croatia, many members of the Yugoslav Communist Party hierarchy are now under no illusions about the efficacy of fighting bureaucracy by juggling with administrative patterns. They realize that a modern industrialized state requires an efficient highly trained civil service, and such a service cannot be created overnight from comparatively ignorant peasants and factory workers; hence, the need for educating the proletariat more swiftly and more efficiently. Some members of the Central Committee of the Croatian Party considered the new administrative pattern as having little immediate practical value, but on the other hand, as having great propaganda value in disarming latent pro-Cominform opinion in Yugoslavia and in the ideological struggle against the Cominform abroad.
7. The means which the Yugoslav Communist Party has employed and intends to employ to combat economic discontent in the country are as follows:
 - a. Foreign Credits: Ever since the Cominform rift, Yugoslavia has found herself short of foreign credits to finance her purchases of capital equipment under the Five Year Plan. The importance of these credits is obvious; without them production would fall and the level of employment in the industrial labor market would inevitably be seriously affected. In addition Yugoslavia would either have to starve herself completely if she intended to carry on with the Five Year Plan, or else abandon the Plan and revert, to all intents and purposes, to her pre-war role of an agricultural country. These alternatives are both distasteful to the Yugoslav Communist Party, hence the British and American loans.
 - b. Modification of Planning: The Yugoslav Communist Party has at last realized that if higher planning is carried out in too much detail it will inevitably create inflated bureaucratic planning staffs and much overlapping and also freeze industry into a rigid pattern instead of allowing it to expand. In order to meet the criticism that

has been leveled against this mode of planning, Boris Kidric, the head of the Federal Planning Commission, intends to adopt a system of liberalized planning, whereby the Federal and Republican Planning Commissions will lay down the long term production targets for industry and leave each economic enterprise to work out its own operative plan without interference from the higher State economic organs.

- c. Greater Autonomy in Economic Enterprises: Greater autonomy in economic enterprises was heralded with ideological fanfares by Marshal Tito when he introduced the new Fundamental Law concerning the Directing of State Economic Enterprises and the Higher Economic Associations of Labor Collectives at the first extraordinary session of the Federal National Assembly. This law enacts that all State property will henceforth be administered as property of the whole nation by Workers' Councils and Management Councils of each economic enterprise and by similar councils of the higher economic associations into which these various economic enterprises are grouped. Article 23 of the law gives Workers' Councils power to advise management; to elect the Management Council; to distribute profits, et cetera. Article 26 lays down that Management Councils are responsible for working out the basic and monthly detailed production plans of the enterprise and deciding labor problems, hours of work, et cetera. Article 8 lays down that the Director of the enterprise will be nominated by the higher economic organs of the State.
- d. The true relations between the ordinary industrial worker and the State are little altered by this law. Article 16 lays down that the elections to the Workers' Councils will be directed by an Electoral Commission appointed by the local Trades Union organization; that is the list of candidates will consist only of persons sponsored by the Secretary of the Trades Union organization who is almost always a member of the Party.
- e. On the other hand, the law does try to appease labor discontent regarding the low level of wages in relation to the high cost of living by offering the worker the possibility of a greater share in the profits of industry. Until recently, labor's share in bonuses distributed out of profits averaged from two percent to three percent; now labor's share is expected to be much larger because the State will only extract from three percent to ten percent of profits by way of taxes, leaving the balance to be shared among the workers including sinking funds, capital investment funds, et cetera. Another way in which the Yugoslav Communist Party hopes to stimulate production is the introduction of a system whereby all profits derived from production over and above the targets planned will be exclusively for distribution among the workers.
- f. To date, the number of Workers' Councils formed are 634, including about 16,540 members. The number will increase rapidly as the operation of the law takes effect.
- g. The decentralization of industry which this law theoretically involves was not effected without considerable opposition from certain important members of the Yugoslav Communist Party. Kidric, Djilas and Kardelj were very much in favor of the law, and a group led by Ales Bebler very much against it. Bebler maintains that the workers in Yugoslavia are not sufficiently advanced in technical, political, and administrative ability to enable them to carry through the project successfully. Whereas Kardelj and Kidric subscribe to the theory of the "withering away of the State" and the placing of all power in the hands of the masses, Bebler is sceptical and wishes State power to be developed by means of increased Party control and the reinforcement of the Dictatorship of the Proletariat, because he is convinced the alternative is chaos. The difference between the two points of view is essentially the difference between the Marxist and Stalinist view of the State. But the difference is, it must be emphasized, theoretical:

whatever theoretical beliefs Kidric, Kardelj and Djilas may hold regarding the withering away of the State, they certainly do not intend to translate them into practice, at any rate for a long time to come.

- h. More Consumer Goods: With a view to placing more consumer goods at the disposal of the public, the Yugoslav Communist Party is studying a plan whereby all State shops engaged in the distribution of food, textiles, et cetera, will be permitted to sell non-rationed goods over and above their quota of rationed goods. How these shops obtain their surplus of non-rationed goods will be left to the enterprise of the individual shop managers, and their interest in obtaining them derives from the fact that all shops are entitled now to a much greater share of profits. Mika Spiljak, president of the Zagreb City Committee, recently outlined these proposals at an extraordinary meeting of activists. The people, somewhat naively, imagine that they will cause a sharp fall in the prices of consumer goods.

The External Struggle

8. The means employed in fighting the Cominform are ideology and support of deviationists abroad.
- a. The strategy of the Yugoslav Communist Party in its struggle against the Cominform is to endeavor to divide and weaken it by discrediting it ideologically, and possibly persuading national Communist Parties to secede from the Soviet orbit, or fostering the creation of splinter parties and groups.
- b. Marshal Tito's recent speech on the law providing for the restitution of all State property to the people, provided a good example of the line the Yugoslav Communist Party is taking in this ideological conflict. The main points in his speech may be summed up as follows:
- 1) The great tragedy of the whole Communist movement is that the Communist Party of the USSR has succeeded in tethering the brains of the leaders of the other Communist Parties. This is the root cause of all the trouble in the international working class movement. Instead of allowing each Communist State to apply the principles of Marx-Leninism in accordance with its own specific needs, the Communist Party of the USSR insists that every State should slavishly follow its own perverted and revised version of Marx-Leninism.
- c. The main ways in which the Communist Party of the USSR has revised Marx-Leninism are:
- 1) Instead of allowing the State to wither away, as Marx said it should, Stalin has consolidated State power under the pretext that he is preparing the way for withering away the power of the State. He explains this contradiction by saying that State power must be developed so long as the USSR is surrounded by capitalist enemies, but that as soon as these enemies disappear, the highly developed State machine will suddenly leap over into the true Communist State bereft of State power. To this the Yugoslav Communist Party answers that the USSR is now no longer surrounded by enemy capitalist States, but by friendly satellites, and is therefore free to move into the higher phase of Communism.
 - 2) The reduction of the Communist Party to an all powerful bureaucratic machine which, instead of forming the vanguard of the workers in their march, has become their master.
 - 3) In the USSR all property belongs to the State and is run by persons nominated by the State and not elected by the people.
9. The Yugoslav Communist Party, on the other hand, true to the principles of Marx-Leninism, has already:

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- a. Taken steps to wither away the State by introducing the new law decentralizing the administration and handing back a great measure of power directly to the people.
 - b. Ensured that the Party does not become a bureaucratic machine in the service of dictatorship by introducing the principle of democratic centralism in the administration.
 - c. Handed over all State property to the people and taken a bit step forward in allowing the people to control and direct this property themselves; that is, the law on the creation of Workers' Councils, et cetera.
10. As several important members of the Yugoslav Communist Party admit, the new laws mentioned above were enacted not so much with a view to improving the lot of the Yugoslav workers, but rather as a shrewd propaganda move aimed at persuading the International Workers movement that Yugoslavia is now in the vanguard of Communist progress towards world revolution, and that the USSR has degenerated into a reactionary imperialist power bent on enslaving the world's masses.
11. Should this ideological struggle degenerate into an armed conflict between Yugoslavia on the one hand and the Cominform states on the other, Yugoslavia will invoke the aid of the Security Council of UNO and the third world war will begin. The Yugoslav Communist Party is convinced that the USSR is not prepared to risk, at any rate for the next three or four years, another international conflict, hence the recent satellite maneuvers on Yugoslavia's borders - troop concentrations in Bulgaria, frontier skirmishes, et cetera - are considered by the Yugoslav Communist Party as merely part of the war of nerves, and of little serious consequence.

Conclusion

12. The Yugoslav Communist Party is much more concerned with the internal than the external struggle, for the fate of the whole regime, inasmuch as it is in the power of the regime to determine its fate, depends on the successful outcome of the internal struggle. So far as the external struggle is concerned, the Yugoslav Communist Party is merely interested in reducing Cominform pressure by ideological counter-attacks. It realizes that once the Cominform translates this pressure into direct military aggression, then the fate of the regime depends no longer exclusively on its own efforts but on the efficacy of UNO military aid. Hence the calmness with which the Yugoslav Communist Party listens to the thunderings along its borders.

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